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SUBJECT: MUNICIPAL GOVERNMENT ACCOUNTABILITY IMPROVES BUT  
DEVELOPMENT REMAINS CHALLENGING

REF: A. AMMAN 528

[B](#). AMMAN 2383

[C](#). AMMAN 2985

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[1](#). (SBU) Summary and comment: One year after the passage of the 2007 Municipalities Law (Ref A), the Ministry of Municipal Affairs (MoMA) and local officials generally view it as a successful reform of the 1955 law. Direct election of local officials has improved governmental accountability, and local governments now have the ability to drive development and infrastructure projects. However, tight budgets and inexperience in attracting private sector partners have hindered efforts by smaller municipalities to deliver basic infrastructure improvements. End Summary and comment.

[2](#). (SBU) Poloffs visited municipalities of varying sizes over the course of several months to broadly gauge reactions to the 2007 statute. Several larger and wealthier municipalities, including Amman, Madaba, and Ramtha (near the Syrian border) were visited as were smaller, less affluent municipalities including Sahil Horan and Wadi Al-Hour (just west of Amman). A visit to the Ministry of Municipal Affairs in June provided the government's perspective on the impact of the new statute on municipal governance and relations with the government.

Changes Resulting from the 2007 Municipalities Law  
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[3](#). (SBU) Jordan's new Municipalities Law was passed in March 2007 to replace the pre-existing 1955 law and its associated amendments. Under the new statute nearly all municipalities are governed by a directly elected mayor and municipal council. Note: The exceptions are the Greater Amman Municipality, where the mayor and half the municipal council are appointed by the Cabinet; Aqaba, which is governed by the appointed Aqaba Special Economic Zone Authority (Ref B); and Wadi Mousa, which is governed by an appointed Petra Regional Authority. End Note. Elections take place every four years, and 20 percent of the individual council seats are reserved for women. Councils are required to hold a minimum of one weekly session, and citizens with direct interest in agenda issues may participate provided that council decisions on those issues are taken in closed session. Municipalities are responsible for (among other things) city planning and zoning, sewage and waste disposal, and road construction. Budgets must be submitted to MoMA for the approval of the Minister.

[4](#). (SBU) Thanks to the new law, in July 2007 local citizens elected both mayors and municipal council members for the first time since the 1930s (Ref C). Local officials we subsequently met with cited the new law as a source of improving citizen-municipality relations; all argued they are now more accountable to the public. In Madaba, officials

noted that local control has created new channels of interaction between the people and their government. The popularly-elected mayor of Ramtha, Hussein Abu Al-Sheeh, credited the law with creating an "integrated" municipal government that can respond to direct appeals from its citizenry.

#### MoMA Maintains Generally Positive Relations and Oversight

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¶5. (SBU) The ministry maintains some oversight of municipal finances under provisions of the 2007 law. Municipalities retain "financial independence" in the sense that they manage their funds as they see fit to address local needs, but MoMA requires that annual budgets be submitted for the approval of the Minister and retains the right to conduct full, unannounced audits of all municipal funds and financial or administrative transactions. The purpose is to prevent "mismanagement" at the local level, according to Ma'moon Salah, head of legal affairs at MoMA. In such instances MoMA would step in to resolve the issue "cooperatively and according to law."

¶6. (SBU) The relationship between MoMA and local municipalities appears mostly positive from the Ministry's perspective. Salah noted that he had not seen evidence of significant tension between the two parties. The MoMA, according to Salah, stood ready to assist any municipality with budgetary questions, planning concerns, and supervised project implementation if requested. Nonetheless, local officials who spoke to Emboffs differed in their assessment of their relationships with MoMA. Most were generally positive, though officials from smaller towns pointed out that help from MoMA to build basic infrastructure, such as waste management systems, had yet to materialize.

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¶7. (SBU) Salah also credited the statute with broadening the role of municipalities in economic development work. The law, according to Salah, creates an environment in which communities and the private sector have a stake in local development and are increasingly empowered to work for the benefit of the community. This environment encourages municipalities to partner with the private sector to deliver projects targeted to meet specific local infrastructure and development needs.

#### Large Municipalities Outpace Their Smaller Cousins

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¶8. (SBU) Exercising the authorities given to them by the new law, larger, more affluent municipalities are pursuing a range of development projects and infrastructure improvements while smaller municipalities are struggling to meet basic infrastructure needs. Madaba, a city of 60,000 located some 30 miles south-west of Amman, is working on a development zone designed to bring investment into the city. Designated a tourist and heritage site, Madaba is also benefiting from infrastructure upgrades paid for by the World Bank, Ministry of Tourism, and USAID. Ramtha, a market town of 120,000 near the Syrian border, has exercised its new-found authority to re-develop a vegetable market and build two new public parks, according to Mayor Hussein Abu Al-Sheeh. The city council, according to Sheeh, now serves as a "development institution" for the area.

¶9. (SBU) Far from tourist areas and new city parks, small municipalities are straining to attract much-needed investment and close gaps in basic infrastructure. Sahil Horan, a small municipality comprising four villages near Ramtha, aims to reduce traffic congestion in residential areas and create a mixed-use commercial complex, according to Mayor Bassam Darabsa. The village of Wadi al-Hour, part of the Greater Salt Municipality, is seeking to improve its basic infrastructure by building and repaving roads and

installing a sewer system.

¶10. (SBU) Comment: Ramtha and Madaba are both large municipalities where more of the basic infrastructure is already in place, meaning that the municipal budget does not have to be expended on building basic improvements. This is not so in smaller municipalities, where basic issues like sewage disposal remain unresolved, and therefore must be funded from the yearly budget. End comment.

#### Tight Budgets

¶11. (SBU) Concern over available funds was a common theme across meetings with officials from municipalities of all sizes. Note: The majority of municipal funding is revenue from the national fuel tax and is disbursed as transfer grants from the Ministry of Finance. Recently, inflationary pressures have forced the Ministry to slow and in some instances end these grants due to decreased revenue. Following the early 2008 elimination of remaining fuel subsidies, as world oil prices soared, the GOJ opted for a flat tax in order to offset high prices paid by consumers. With oil prices falling, however, the GOJ will resume taxes on a percentage basis and revenues are expected to increase. End Note. Officials in larger municipalities, like Ramtha and Madaba, expressed concern that inflationary pressure could limit their ability to pursue projects designed to attract investment; while budgets in Sahil Horan and Wadi al-Hour strained to meet basic infrastructure needs. Ramtha Mayor Al-Sheeh called his budget of JD 3 million "sufficient but tight" and expressed concern that price inflation could push the municipality into a JD 150,000 deficit. Officials in Madaba expressed similar concerns, noting that their budget of JD 3.5 million was submitted prior to price increases.

¶12. (SBU) In smaller municipalities, budgetary shortfalls are directly impacting development and infrastructure projects. Officials in Sahil Horan indicated that employee salaries alone accounted for 40 percent of their total annual budget of JD 1.6 million. The municipality simply lacked the funds to start needed projects like improving the sewer system, and received a much needed garbage truck last year as a gift from the Royal Court rather than paying for it out of the small municipal budget. In the village of Wadi Al-Hour, officials indicated that their total budget was typically half of the amount required to undertake new projects. Local officials noted that the past several times the village had put out tenders for work, no contractors had bid, as they simply did not see a profit in it, considering the meager ceiling on what the village could offer.

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#### Comment

¶13. (SBU) The direct election of mayors and municipal councils was a positive step towards increasing the accountability and responsiveness of local government. The inclusion of women on local councils, even if by quota, was a significant step forward on improving the representative nature of municipal governance. However, despite electoral progress, significant challenges to increased development and infrastructure projects remain. Municipal efforts are hampered by the new law, which granted expanded responsibility to local governments, but did not clearly define or codify "development." The greatest obstacle to progress is that municipal governments have little or no experience partnering with the private sector on joint projects, and consequently have difficulty attracting much needed investment. Such issues notwithstanding, the growth of local knowledge in public-private partnerships and citizen engagement in municipal governance should pay long-term dividends for Jordan.

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